

Message Text

CONFIDENTIAL

PAGE 01 QUITO 02189 042239Z
ACTION ARA-10

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01
CIAE-00 COME-00 DODE-00 EB-08 FPC-01 H-01 INR-07
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04 OES-06
SP-02 SS-15 STR-04 TRSE-00 ACDA-07 NSCE-00 SSO-00
USIE-00 INRE-00 /092 W
-----042245Z 058404 /73

O R 042221Z APR 77
FM AMEMBASSY QUITO
TO SECSTATE WASHDC IMMEDIATE 3782
INFO AMCONSUL GUAYAQUIL

C O N F I D E N T I A L QUITO 2189

E.O. 11652: GDS
TAGS: EINV, ENRG, PFOR, EC
SUBJECT: THE GULF PROBLEM

REF: STATE 072292

1. I HAVE BEEN TRYING TO GET AN APPOINTMENT WITH ADMIRAL
POVEDA SINCE FRIDAY BUT HE WAS OUT OF TOWN OVER THE WEEKEND
AND WILL ONLY BE ABLE TO SEE ME TOMORROW, APRIL 5.

2. MY REQUEST TO SEE POVEDA WAS PROMPTED BY A MEETING I HAD
WITH THE GULF MANAGER, O'BRIEN, IN WHICH HE INFORMED ME THAT
MINISTER SEMBLANTES, WHOM HE FINALLY SAW LAST WEEK, INSISTED
THAT CERTAIN PARAGRAPHS OF THE DRAFT AGREEMENT BETWEEN
GULF AND THE GOE SHOULD BE REVISED, SPECIFICALLY THE QUIT-CLAIM
CLAUSE. SEMBLANTES ALSO IS DEMANDING THAT THE PROBLEM
REGARDING THE "RUTH" SUIT AND MARK RICH BE SETTLED AS A
PRE-CONDITION TO SIGNATURE OF THE AGREEMENT. O'BRIEN OBJECTED
TO BOTH DEMANDS BUT SEMBLANTES SIMPLY STOOD FIRM AND ORDERED
HIS UNDER-SECRETARY TO NEGOTIATE THESE MATTERS WITH
GULF. O'BRIEN IS NOW IN THE UNITED STATES ATTENDING
A HIGH-LEVEL POWWOW IN HOUSTON IN WHICH GULF IS PRESUMABLY
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DECIDING WHAT STEPS TO TAKE WITH REGARD TO ITS SITUATION
IN ECUADOR.

3. I INTEND TO TAKE A VERY HARD LINE WITH POVEDA AND TO
TELL HIM THAT, WHILE THERE HAS BEEN A GOOD DEAL OF SENTIMENT
IN WASHINGTON IN FAVOR OF THE GOE, THIS WILL QUICKLY
EVAPORATE IF THE GOE DOES NOT PROMPTLY SIGN THE GULF

AGREEMENT. I INTEND TO MAKE IT PLAIN TO POVEDA THAT I WILL NOT LIFT A FINGER TO HELP THE GOE IN ITS ATTEMPT TO OBTAIN MILITARY EQUIPMENT UNTIL THE GULF MATTER IS SATISFACTORILY SETTLED. I WILL ALSO INFORM HIM THAT GULF APPEARS TO BE ON THE VERGE OF TAKING SOME DRASTIC ACTION, AND WILL POINT OUT THAT PRODUCTION HAS CEASED IN THE ORIENTE AS CEPE IS UNABLE TO FIND BUYERS FOR FORMER GULF CRUDE BECAUSE OF THE CLOUDINESS OF TITLE.

4. I WOULD APPRECIATE IT IF THE DEPARTMENT WOULD INFORM SENIOR GULF OFFICIALS THAT I EXPECT TO SEE POVEDA SHORTLY AND THAT I WOULD BE GRATEFUL IF THEY WOULD MAKE NO OVERT MOVES PENDING AN ATTEMPT TO OVERCOME THE SEMBLANTES PROBLEM.
BLOOMFIELD

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Message Attributes

Automatic Decaptioning: X
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Concepts: NATIONALIZATION, COMPENSATION, AGREEMENTS, DIPLOMATIC DISCUSSIONS
Control Number: n/a
Copy: SINGLE
Sent Date: 04-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
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TAGS: EINV, ENRG, PFOR, EC, GULF OIL
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